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I think it would be appropriate this morning, with just over one month left in this administration, to go back to the beginning, to tie a few things together.

When I first came to the Department of Agriculture, not quite two years ago, people asked me how I viewed my role. I told them in a single word: coordination.

This meant administrative coordination, working closely with the under secretary, five assistant secretaries, and director of economics, who oversee the work of some 20 agencies, boards and offices. Eighty-five thousand full-time employees have kept this work, the life of this department, running on course for the past 30 years, administration-in and administration-out.

This also meant coordination in terms of policy.

It seemed to me right from the start that the mission of this department is defined less by politics than by the times. I believe that the tone set by the Carter Administration--to make food and agriculture policy work for the people of this country--will be heard through the 80's.

This administration's policy has been based on the interests and input of all Americans--farmers, food processors, and consumers.

In four years, we have:

- * predicted and stabilized the food and fiber supply;
- * developed a total national food policy involving the entire food system from producer to consumer;
- * provided for a better and more healthy rural America; and
- * provided a natural resource base to ensure food and fiber for future generations.

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Excerpts of remarks by Deputy Secretary of Agriculture Jim Williams, before the National Direct Marketing Conference, Silver Spring, Maryland, December 3, 1980.

Yet the overriding accomplishment of this administration of the Department of Agriculture--and the unstated one--has been to bring a cohesiveness to all these elements of food and agriculture policy.

We have demonstrated how these elements, once thought unrelated, can and must work together to provide the American people with a reliable present and future food and fiber supply while providing farmers with a fair return for their labor and investment.

Consumers may not request this kind of broad representation in so many words. But this is what they are demanding every time food prices rise and they demand to know exactly how their food dollar is being spent.

Farmers may feel that the department is slighting their interests as its representation grows, but it is precisely their interests that are represented as the public learns that the marketing process gets 68 cents--and the farmer only 32 cents--of every consumer food dollar.

Domestic food prices are increasing 9 percent this year and USDA predicts that they will increase 10-15 percent in 1981.

In 1980 Americans are spending \$269 billion on U.S.-produced food.

The farm value of this food is \$87 billion and the marketing bill is \$182 billion.

Labor accounts for 46 percent of food marketing costs.

Packaging -- 12 percent.

Transportation -- 8 percent.

Direct-use energy -- 6 percent.

As was pointed out in last month's Outlook Conference, prices for packaging, transportation and energy rose rapidly in early 1980. These three inputs, along with labor, were the chief cause of food price rises through the middle of the year.

Although the 6 percent of the food marketing bill accounted for by direct energy use doesn't sound like much, energy is actually playing a great role in food price patterns and will continue to do so in the next decade.

That 6 percent doesn't reflect the impact of indirect energy use on transportation and packaging costs.

The transportation and packaging materials used in food marketing this year are costing 14 percent more than in 1979.

And the cost of energy used in food marketing is averaging 30 percent more than last year.

USDA estimates that food processors' energy expenses increased 110 percent from 1974 to 1979.

That clearly links the American consumer's food marketing bill for the greater part of the past decade to the OPEC oil embargo. This single event, more than any other of the past 30 years, shifted the balance of power and made Americans aware that they are a part of a vast, interdependent, international system.

This also links the American consumer's food marketing bill for the coming decade to the volatile, unstable, and oil-rich Persian Gulf region and it builds an element of uncertainty into the food marketing process.

For reasons such as these I believe that the basic concept and need for an overall food and agriculture policy is here to stay.

The direct influence of energy price fluctuations on food processing and retailing and the indirect influence of energy costs on transportation and packaging can no more be separated from food marketing than marketing can be separated from agricultural policy or the consumer's interests can be separated from those of the farmer.

I believe that such factors, which not long ago were considered outside the realm of agricultural matters, may be linked even more closely in the 1980's.

It was to bring cohesiveness to such seemingly disparate factors that this administration developed a total national food and agriculture policy.

And it was to make more efficient that part of the farm-to-table food system that accounts for two-thirds of every consumer food dollar that this administration emphasized agricultural marketing along with production programs.

- * Secretary Bergland improved the department's capability to provide transportation assistance to agricultural producers, shippers and rural communities by moving the transportation work of 12 USDA agencies into a central Office of Transportation.
- * In the 1981 budget request, USDA is asking for \$53 million to conduct research on post-harvest technology (how to get food to the consumer in the most economical and efficient way--storage, transportation, packaging, distribution). This represents 13 percent of the total agricultural research budget request.
- * As a complement to the marketing research work being done by the Science and Education Administration, a Marketing Research and Development Division has been set up in the Agricultural Marketing Service to work on wholesale market development.
- * And, in 1977 and 1978, AMS and SEA conducted an important, first-of-its kind congressionally-mandated pilot program under the Direct Marketing Act. In those two years, USDA awarded grants totalling \$1.9 million for 21 projects in 23 states and Puerto Rico.

The results have been worth assessing, and that is what we are about today. Direct marketing has demonstrated results that can be calculated--its ability to capture 10-12 percent of total retail fresh fruit and vegetable sales and its economies of scale, for example. It has also demonstrated results that aren't so easily figured--such as, quality, variety, and revitalization of native production.

I believe that the 1980's will be a time conducive to the direct marketing concept. It has been shown that direct marketing can boost income to small or part-time farmers while providing produce at lower costs to consumers. I hope that refinements of the program will continue to be made. The future of direct marketing may depend in large part on the conclusions reached here this week and I look forward to hearing them.

Regardless of direct marketing's immediate future, its role--and yours--in a very important time for agricultural marketing is now a matter of record.

Direct marketing has shown itself to be a legitimate and innovative marketing alternative during a time when Americans have demanded to know where their food dollar is going, and an administration has made food and agriculture--marketing and production--work for the consumers and farmers of this country.

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